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*Nanette S. Edwards*  
*Executive Director*

November 7, 2018

**VIA ELECTRONIC FILING**

David Butler, Esquire  
Hearing Officer  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: **Consolidated Docket Nos.: 2017-207-E; 2017-305-E; and 2017-370-E**  
Late Filed Exhibit No. 34

Dear Mr. Butler:

The South Carolina Office of Regulatory Staff ("ORS") provides the attached correspondence requested at the hearing on November 6, 2018.

Sincerely,

Nanette S. Edwards

cc: Joseph Melchers, Esquire  
All Parties of Record in Docket 2017-207-E (via E-mail)  
All Parties of Record in Docket 2017-305-E (via E-mail)  
All Parties of Record in Docket 2017-370E (via E-mail)

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ND-20147-E

C. DUKES SCOTT  
EXECUTIVE DIRECTOR1101 Main Street, Suite 900  
Columbia, SC 29201DAN L. ARNETT  
CHIEF OF STAFFPhone: (803) 737-0800  
Fax: (803) 737-0801[shudson@regstaff.sc.gov](mailto:shudson@regstaff.sc.gov)Shannon Bowyer Hudson  
Counsel for ORS

March 20, 2014

**VIA U.S. MAIL**Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

COPY

Forwarded: *stod*

Re: *SA*

Date: *3/21/14*

Time: *3:56*

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2014 MAR 21 11:11 AM

PUBLIC SERVICE

Re: V.C. Summer Nuclear Station Units 2 &amp; 3

Dear Ms. Boyd:

During the Allowable Ex Parte Communication Briefing on February 26, 2014, the South Carolina Office of Regulatory Staff ("ORS") informed the Public Service Commission of South Carolina ("the Commission") that South Carolina Electric & Gas Company ("SCE&G") will be receiving from Westinghouse Electric Company, CB&I Stone & Webster, Inc. (collectively "the Consortium") a revised integrated project schedule in the 2014 third quarter. Generally, SCE&G and ORS have been receiving monthly updates from the Consortium on the Base Load Review Act ("BLRA") milestones to compare with the Commission's approved milestone schedule. The most recent update was provided during January 2014. At the time of the Allowable Ex Parte Communication Briefing, ORS and SCE&G had no reason to believe there would be any change to this past practice of monthly updates.

This week, SCE&G informed ORS that the Consortium will not be providing either SCE&G or ORS monthly updates to the BLRA milestone schedule until the revised integrated project schedule is complete. The revised integrated project schedule is still expected in the third quarter of this year. Pursuant to ORS's nuclear monitoring of V.C. Summer Units 2 & 3 according to S.C. Code § 58-33-277 of the BLRA, ORS is advising the Commission of this temporary change in practice as it will impact ORS's ability to monitor and provide updates to the Commission on the status of milestone activities during this interim period, particularly as it relates to milestones equal to or greater than sixteen months.

RECEIVED

MAR 21 2014

PSC SC  
MAIL / DMS

Sincerely,

Shannon B. Hudson

Shannon Bowyer Hudson

cc: K. Chad Burgess, Esquire

Koe

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N D-2014-7-EC. DEKES SCOTT  
EXECUTIVE DIRECTOR100 Main Street, Suite 100  
Columbia, SC 29201Phone: (803) 737-0500  
Fax: (803) 737-0977DAN E. VINEY  
CHIEF OF STAFF

May 20, 2014

Jocelyn G. Boyd, Esquire  
 Chief Clerk & Administrator  
 Public Service Commission of South Carolina  
 101 Executive Center Drive, Suite 100  
 Columbia, South Carolina 29210

Dear Ms. Boyd:

I am writing to provide the most recent information regarding the temporary suspension of monthly updates provided by the Consortium (consisting of Westinghouse Electric Co. and CB&I Stone & Webster, Inc.) to SCE&G and the ORS on the BLRA construction milestone schedule for V.C. Summer Units 2 and 3.

Via letter dated March 20, 2014, we informed the Commission of the Consortium's decision to suspend the monthly updates until the Consortium completed its work on a Revised Fully Integrated Construction Schedule. SCE&G anticipates this work to be complete in the third quarter of 2014, after which the Consortium's monthly updates are to resume. In our March 20<sup>th</sup> letter, we expressed concern regarding this arrangement, particularly in light of the fact that the Consortium is required to provide these monthly updates to SCE&G, as specified by the Engineering, Procurement, and Construction Agreement (EPC Agreement). Further, we expressed concern that the Consortium's change in practice regarding monthly updates would hinder the ORS' ability to monitor and provide updates to the Commission and the public on the status of pending construction activities.

SCE&G has been responsive in addressing our concerns. Specifically, SCE&G informed ORS that it objected to the temporary suspension of monthly project schedules, as noted on p.2, paragraph 3 of the enclosed letter from SCE&G detailing its response to the Consortium's actions. The Consortium's response was that its resources would be better applied to creating the Revised Fully Integrated Construction Schedule than on generating a monthly updated project schedule that was based on a soon-to-be-replaced construction schedule. In other words, the Consortium advised that "... the issuance of a monthly updated project schedule would not be meaningful and of no benefit to the project in the light of the upcoming Revised Fully Integrated Construction Schedule."

SCE&G provided assurances that it is closely monitoring the activities of the Consortium and is in continuous communication with the Consortium. SCE&G believes that by proceeding in this manner, it has not waived any of its rights under the EPC Agreement and is properly executing the EPC Agreement.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

*Shannon B. Hudson*

Shannon B. Hudson  
Esquire

Enclosure

cc: K. Chad Burgess, Associate General Counsel, SCANA Corporation



Stephen A. Byrne  
President Generation & Transmission & COO  
sbyrne@scana.com

May 1, 2014

**VIA HAND DELIVERY**

The Honorable C. Dukes Scott  
South Carolina Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, South Carolina 29201

RE: V.C. Summer Nuclear Station Units 2 & 3

Dear Mr. Scott:

By letter dated March 20, 2014, the South Carolina Office of Regulatory Staff ("ORS") advised the Public Service Commission of South Carolina ("Commission") that ORS had been informed that Westinghouse Electric Company and CB&I Stone & Webster (together, "the Consortium") had temporarily suspended providing South Carolina Electric & Gas Company ("SCE&G" or "Company") with a monthly update to the Base Load Review Order milestone schedule. ORS also informed the Commission that the issuance of a monthly update would resume after the Consortium completed its work on a revised integrated project schedule.<sup>1</sup> As ORS has noted, the Engineering, Procurement and Construction Agreement between SCE&G and the Consortium ("EPC Agreement") requires the Consortium to provide SCE&G with an updated project schedule monthly. The purpose of this letter is to provide you with information regarding the Company's response to the Consortium's actions.

By way of background, during the third quarter of 2013, the Consortium provided SCE&G with revised Unit 2 and Unit 3 construction schedules ("Revised Unit 2 and Unit 3 Schedules") which were based on a reevaluation of the submodule production schedule at the CB&I facility in Lake Charles, Louisiana. SCE&G did not agree to these schedules and advised the Consortium that it remained obligated to satisfy the dates previously agreed to in the EPC Agreement, as amended. Nevertheless, based on these schedules, SCE&G was forced to announce a delay in the expected completion dates of the projects. The projected dates, however, remain within the 18-month schedule contingency provided for in Commission Order No. 2009-104(A).

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<sup>1</sup> Please know that the Consortium continues to provide SCE&G with a monthly update of the manufacture of equipment milestones which are part of the Base Load Review Order milestone schedule.



During the fourth quarter of 2013, the Consortium began a full re-baselining of the Unit 2 and Unit 3 construction schedules to incorporate into the schedule a more detailed evaluation of the engineering and procurement activities necessary to accomplish the schedule and to provide a detailed reassessment of the impact of the Revised Unit 2 and Unit 3 Schedules on engineering and design resource allocations, procurement schedules, construction work crew assignments, and other items. This result will be a revised fully integrated construction schedule ("Revised Fully Integrated Construction Schedule") that will provide detailed and itemized information on individual budget and cost categories, cost estimates at completion for all non-firm/fixed scopes of work, and the timing of specific construction activities and cash flow requirements. Based on representations from the Consortium, SCE&G anticipates that the Revised Fully Integrated Construction Schedule and the cost estimate at completion for all non-firm/fixed scopes of work will be finalized in the third quarter of 2014. SCE&G plans to reevaluate and reschedule its Owners Cost estimates and cash flow requirements in light of the new schedule.

By letter dated March 10, 2014, the Consortium informed SCE&G that it was temporarily discontinuing its practice of issuing a monthly updated project schedule until the Revised Fully Integrated Construction Schedule is complete.

SCE&G objected when informed by the Consortium of its decision to temporarily suspend the issuance of a monthly updated project schedule. In response to SCE&G's objection, the Consortium advised the Company that it would prefer to concentrate its efforts on drafting the Revised Fully Integrated Construction Schedule rather than devote resources and time to generate a monthly updated project schedule that would be based upon a construction schedule that would soon be superseded by the Revised Fully Integrated Construction Schedule. Accordingly, the Consortium advised SCE&G that the issuance of a monthly updated project schedule would not be meaningful and of no benefit to the project in the light of the upcoming Revised Fully Integrated Construction Schedule.

Please be assured that we are taking the issue very seriously and are closely monitoring the activities of the Consortium. A project of this magnitude requires constant communication between SCE&G and the Consortium. We continue to receive information daily from the Consortium concerning the progress of construction. Additionally, we continue to receive written "1 week look-ahead site specific schedule" reports for both construction and non-construction related activities from the Consortium updating us on the status of activities at the project site, and we also continue to receive a written monthly status report. Even though the monthly updated project schedule has been temporarily discontinued, there has been no lack of communication between SCE&G and the Consortium concerning the progress of construction.

By proceeding in this manner, SCE&G has not waived any of its rights under the EPC Agreement. Moreover, the Company's course of action in this matter is consistent with its responsibility for the proper execution of the EPC Agreement. We will continue to monitor this matter closely and if the circumstances change such that it becomes advisable to take a different approach, then the Company will do so.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "S.A. Byrne".

Stephen A. Byrne

SAB/beb

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

1101 Main Street, Suite 900  
Columbia, SC 29201



DAN FARNETT  
CHIEF OF STAFF

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[shudson@regstaff.sc.gov](mailto:shudson@regstaff.sc.gov)

*Shannon Bowyer Hudson*  
Counsel for ORS

April 10, 2014

**VIA U.S. MAIL**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: V.C. Summer Nuclear Station Units 2 & 3

Dear Ms. Boyd:

The purpose of this letter is to inform the Public Service Commission of South Carolina ("Commission") of a potential impact to the scheduled completion of Modules CA20<sup>1</sup> and CA01<sup>2</sup>. South Carolina Electric & Gas Company's ("SCE&G") 4<sup>th</sup> Quarter 2013 Report issued on February 11, 2014 shows late March 2014 as the on-hook date<sup>3</sup> for Module CA20. In mid-March, SCE&G informed the South Carolina Office of Regulatory Staff ("ORS") that the on-hook date for Module CA20 was moved to the 1<sup>st</sup> week in April 2014. In recent discussions, SCE&G informed ORS that the Module CA20 on-hook date was further moved to May 2014.

The project's critical path for Unit 2 runs through Module CA20. This delay may ultimately impact the substantial completion dates of Units 2 & 3. SCE&G reports to ORS that it does not expect revised substantial completion dates to fall outside the 18 month construction contingency allowed by the Commission.

Sincerely,

Shannon Bowyer Hudson

cc: K. Chad Burgess, Esquire  
Joseph Melchers, Esquire

<sup>1</sup>CA20 is the Auxiliary Building module which contains pumps, valves and electrical equipment to support reactor operation. It also contains the fuel handling area.

<sup>2</sup>CA01 is the Steam Generator and Refueling Canal module.

<sup>3</sup>The on-hook date is the date the module is ready to be set in place by the Bigge Heavy Lift Derrick.